

COLLECTION OF DUTIES ON IMPORTS.

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LETTER

FROM

THE SECRETARY OF THE TREASURY,

INCLOSING

*Proposed amendments to the laws for the collection of duties on imports.*

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FEBRUARY 1, 1879.—Referred to the Committee of Ways and Means and ordered to be printed.

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TREASURY DEPARTMENT,  
OFFICE OF THE SECRETARY,  
*Washington, D. C., January 30, 1879.*

SIR: I have the honor to inclose herewith a copy of a bill entitled "A bill to amend the laws relating to the collection of duties on imports," prepared by S. W. Burt, esq., naval officer at the port of New York.

The bill in question was printed at this department, and copies furnished the collector of customs at New York, who transmitted them to prominent merchants and others for their views on the measure therein proposed.

Copies of a large number of letters upon the subject are transmitted herewith, and I have to request that the matter be referred to the appropriate committee for consideration.

Very respectfully,

JOHN SHERMAN,  
*Secretary.*

Hon. SAMUEL J. RANDALL,  
*Speaker House of Representatives,*  
*Washington, D. C.*

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CIRCULAR.

PORT OF NEW YORK,  
*Collector's Office, January —, 1879.*

DEAR SIR: I inclose herewith a copy of a bill to amend the present laws relating to the collection of duties, and which it is proposed to place in the hands of the Committee of Ways and Means of the House of Representatives when Congress convenes after the present recess.

The Secretary of the Treasury desires an expression of the views of the importers, bankers, and others at this port interested, and I would respectfully request that you communicate to me in writing, at your earliest convenience, your opinion of the several provisions of the proposed bill, with such suggestion as to modifications or additions thereto as may occur to you.

Very respectfully,

E. A. MERRITT,  
Collector.

To \_\_\_\_\_,  
\_\_\_\_\_.

A BILL to amend the laws relating to the collection of duties on imports.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That any duly incorporated bank in any city where there is an assistant treasurer of the United States may make a special deposit of coin with such assistant treasurer, any portion of which may be by him placed to the credit of the collector of customs of the district in which such city is situated, upon the presentation by such collector of a draft for such amount duly issued by such bank for the payment of customs duties on goods imported into such district, and for no other purpose, and any such draft may be received by the said collector as a payment of customs duties to the amount specified thereon upon an entry of dutiable goods made by the person or persons to whom such draft may have been issued; but the said collector may require that such draft shall have upon its face the certificate of the assistant treasurer that he has to meet the same a deposit of sufficient funds by the drawer thereof; and every bank intending to keep such deposit with an assistant treasurer may be required by the Secretary of the Treasury to give notice to the assistant treasurer of the maximum amount of such deposit, which maximum may be increased or decreased at any time upon similar notice, and shall on every day of business make good such maximum by depositing a sum equal to the aggregate amount of the drafts made, certified, or paid on the previous day, or by an authorized credit of similar amount upon any accounts due such bank from the assistant treasurer, and at any time after one day's notice the whole deposit or balance thereof may be withdrawn by the bank making the same. The Secretary of the Treasury is authorized to prepare and have engraved, printed and bound blank forms for such drafts, which shall be furnished by him to banks requiring the same upon payment of their cost; and the expense of such preparation, and other outlay incident thereto, shall be paid from the appropriation for expenses of collecting the revenue, and all moneys received for such blanks shall be placed to the credit of the same appropriation.

SEC. 2. The Secretary of the Treasury is hereby authorized to appoint such number of customs notaries as he may deem necessary, who may administer the oaths in verification of official documents required by or received under the provisions of Titles XXXIII and XXXIV of Revised Statutes, and of acts amendatory thereof, and such oaths shall have the same force and effect as if administered by the officers now authorized by law to administer the same. The customs notaries authorized by this section shall be commissioned for a term of three years by the Secretary of the Treasury, who may, at any time, for cause, revoke such commissions; and such notaries shall take before the collector of the district in which appointed the oaths of office prescribed by section 2616 of the Revised Statutes, and receive as compensation for their services a fee of twenty cents for every oath administered by them under the provisions of this section.

SEC. 3. The Secretary of the Treasury is hereby authorized to prepare adhesive stamps of suitable denominations, sizes, and devices, which, when attached to any official paper or document, shall be evidence, to the extent of the expressed value of the stamps so attached, of the payment thereon of the fees required to be paid on such paper or document under the provisions of Title XXXIV of the Revised Statutes; and such stamps shall, upon their requisition, be issued to collectors of customs, and shall be accounted for by them, and sold to all persons requiring the same, and the moneys received by such sales shall be treated as are the moneys now received directly as fees. The Secretary of the Treasury may, from time to time, make such regulations as he may deem necessary to insure the safe-keeping, proper disposition, and cancellation, or to prevent the illegal use of such stamps, and the penal provisions of sections 3429 of the Revised Statutes shall, in all respects, apply to the forging, counterfeiting, or misuse of the stamps authorized to be prepared and used by this section. The expense of preparing such stamps shall be paid from the appropriation for the expenses of collecting the revenue, and any and all moneys received by the sale of such stamps shall be placed to the credit of the same appropriation.

SEC. 4. Any person, whose business it shall be to act for more than one person, firm, or company, or to act for an express company in the transaction of business in the custom-house, shall be known as a custom-house broker; and no such broker shall be entitled to transact any such business in such custom-house, unless duly licensed, as hereinafter provided. Any person desiring to obtain such a license shall make a formal application to the collector of the district in which such custom-house is situated, who, if assured of the qualifications and good character of the applicant, shall issue to him, upon the payment of a fee of twenty-five dollars to said collector, to be by him accounted for as are other official fees, a license to transact such customs brokerage for the period of one year from the date thereof, which license shall be signed by the collector and countersigned by the naval officer, if any. If there be two or more brokers engaged in partnership in such business of brokerage, each of them shall be so licensed. Every licensed broker or firm of brokers shall be held personally responsible for any acts committed in the transaction of custom-house business by any person or persons employed by or acting for such broker or brokers, and the business-books and accounts of such broker or brokers shall, at all times, be open to examination and inspection by any officer who may be specially authorized to do so by the Secretary of the Treasury or the collector of the district; and written charges may be preferred and filed with the collector against any broker or firm of brokers of the conduct in the transaction of custom-house business by them, or by those employed or acting for them, willfully injurious to those who have employed such broker or brokers, or dangerous to the interests of the revenue; and if upon investigation by the collector, and the naval officer and surveyor, where such officers are established, such charges are sustained by such officer or officers, as the case may be, then the license or licenses of such broker or brokers shall be revoked and canceled without repayment to him or them of the fee or fees paid therefor, or of any part thereof. Any person or persons who shall transact or attempt to transact any business as a custom-house broker or brokers without being duly licensed as herein provided shall pay a fine of not more than one thousand dollars, or be imprisoned for a term of not more than one year, or be both fined and imprisoned within those limits. The Secretary of the Treasury is authorized to prescribe such forms and regulations as may be necessary to carry the provisions of this section into effect.

SEC. 5. The provisions of the last three preceding sections shall apply only to cities which are ports of entry or delivery, and contain a population of not less than one hundred thousand inhabitants.

We approve.

NEW YORK, *January 9, 1879.*

E. D. MORGAN & CO.

[Hardt & Co., P. O. Box 1411, Nos. 473 & 475 Broome street.]

NEW YORK, *January 7, 1879.*

DEAR SIR: We are in receipt of your circular relating to a proposed bill to amend the laws for the collection of duties on imports.

In reply, we beg to state that we fully concur in the changes proposed in said bill.

Yours, respectfully,

HARDT & CO.

Hon. E. A. MERRITT,  
*Collector of the Port.*

NEW YORK, *January 8, 1879.*

DEAR SIR: We thank you for the transmission of the circular calling attention to a proposed bill to be presented to Congress, and we express our hope that this bill or any other tending to facilitate the business of our merchants with the custom-house may speedily be passed.

The modifications as proposed are certainly a step in the right direction, and although covering but a small portion of the ground to be amended, we shall be thankful for this beginning.

We remain, dear sir, yours, very respectfully,

CHAS. F. HARDY & CO.

Hon. E. A. MERRITT,  
*Collector.*

469 AND 471 BROOME STREET,  
New York, January 8, 1879.

DEAR: Your circular bearing date of January, 1879, inclosing copy of bill to amend the present laws relating to the collection of duties, has just come to hand, and has had our fullest attention.

Agreeable to your desire, we take pleasure to state that the several provisions of the proposed bill, in our opinion, do away with a great many inconveniences and risks, which the importers (especially those whose places of business are up town) now are subjected to, and that we shall be much pleased to see said bill become a law at an early date.

Very respectfully, yours.

FLEITMANN & CO.

Hon. E. A. MERRITT,  
*Collector of Customs, Port of New York.*

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[Phelps Brothers & Co., P. O. Box 940, New York.]

NEW YORK, January 8, 1879.

SIR: Your circular without date, in relation to a proposed bill entitled "A bill to amend the laws relating to the collection of duties on imports," asking for an expression of opinion on the bill, is before us.

Section 1. Think that a certified check drawn to the order of collector should be accepted. The Treasury Department has become a member of New York clearing-house. There is, therefore, no reason why it should not receive checks as banks do. The government would be secured by the importer's bond.

Section 2. Oath might be taken before any notary, said notary to have record of his appointment on file in custom-house.

Section 3. Good, if the petty fees cannot be abolished.

Section 4. Nothing to say so long as liberty be accorded the importers of attending to their own business by their clerks.

Would further beg to suggest that all consular certificates to invoices be abolished, on the ground that the revenue is in no way protected by same, and it is a source of great annoyance at times to importers. If the government needs the \$2.50 fees for these certificates, a fee of an equal amount might be collected upon entering.

Very respectfully, yours.

PHELPS BROTHERS & CO.

Hon. E. A. MERRITT,  
*Collector of the Port of New York.*

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[P. O. Box 4093, Dieckerhoff, Raffloer & Co., importers.]

NEW YORK, January 8, 1879.

SIR: In answer to your circular inclosing draft of the proposed new law relating to the collection of duties, we beg to say that we are heartily in favor of the same, more particularly of section 1, inasmuch as it would be an immense improvement on the present system.

The subsequent sections, however, are equally good, and we earnestly hope that Congress will pass the entire bill as proposed.

Very respectfully, yours,

DIECKERHOFF, RAFFLOER & CO.

Hon. E. A. MERRITT,  
*Collector of the Port, City.*

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NEW YORK, January 8, 1879.

SIR: We take great pleasure in complying with the request contained in your circular lately issued, wherein we are asked to express our views in writing on the bill to amend the present laws relating to the collection of duties, which it is proposed to place in the hands of the Committee of Ways and Means of Congress.

The first section of the bill, which provides for the payment of duties in or by a draft of a duly authorized bank on the assistant treasurer, certified or not, as the collector may elect, is a protection to importers that they have long needed, and one we cannot too urgently call upon the government to grant. During this past season, as you are no doubt aware, we discovered that our own clerk had for a number of years

been in the habit of making certain false entries, and obtaining from us the amount of money necessary to pay the duties thereon, and appropriating same to his own use. The amount thus obtained varied from \$100 to \$250 at a time, and reached the sum of about \$5,000 when his peculations were discovered. He is now serving out a term in the penitentiary.

We mention this to show how much we are interested in the passage of a bill that would enable us to pay our duties by check or draft in the same manner as our ordinary mercantile accounts are settled. By the provisions of this section of the bill, there is no risk whatever to the government, and certainly the importers are accommodated to a very great extent. We also highly approve of sections 2 and 3, especially the former. The present system, which obliges the importer to appear at the custom-house in person for the purpose of verifying his entries, is one that has often seriously inconvenienced him, and we see no reason why a properly commissioned notary should not be able to administer the oaths required for official documents as well as a deputy collector, thus saving the importer much valuable time. We believe the use of stamps will somewhat increase the revenue which is now derived from the payment of certain fees. We have never approved of the apparently loose and careless manner in which the cashier's assistants placed their initials on documents on which fees were paid, and fear the temptation to counterfeit has often been too great to resist on the part of the clerks and others.

As regards the licensing of brokers we cannot express any opinion, and think it is a matter that, if you have not done so, it would be well to refer to the leading brokers in the business, inasmuch as they would naturally be the parties most interested.

Thanking you most sincerely for the interest you are thus showing in endeavoring to perfect the much-needed reforms in our custom-house, and hoping your efforts will be crowned with success, we are,

Very respectfully, yours,

W. & J. SLOANE.

General E. A. MERRITT,  
*Collector Port of New York.*

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[T. & R. Boote, Richard Alcock, manufacturers, Staffordshire, England. Edward Boote, importer of earthenware, and T. & R. Boote's plain, encaustic, and art tiles, 47 Barclay street.]

NEW YORK, *January 9, 1879.*

DEAR SIR: I am in receipt of your circular, for which I am obliged. I have this day laid it before the Association of Importers of Earthenware, who will take action on it in a few days and report.

I remain, yours, very truly,

EDW'D BOOTE.

E. A. MERRITT, Esq.,  
*Collector Port of New York.*

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[Hills Brothers, importers and jobbers of foreign fruits and nuts, 212 Washington street.]

NEW YORK, *January 9, 1879.*

SIR: Referring to your circular of January, we think the reforms would be a great improvement, and would serve the merchants very much.

Respectfully,

HILLS BROS.

Mr. E. A. MERRITT.

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[Renauld, François & Co., New York.]

NEW YORK, *January 9, 1879.*

SIR: In reply to your circular of yesterday, asking for our opinion respecting the proposed bill entitled "A bill to amend the laws relating to the collection of duties," we beg to say that we fully approve of sections 2, 3, 4, and 5, to which we have no suggestions of modifications or additions to make.

Regarding section No. 1, certainly any law which does away with the present mode of paying duty, in kind or legal tender, would be a blessing to the commercial com-



munity. The provisions contained in the above-named section, however, appear to us somewhat complicated, and we would respectfully submit to your consideration whether the government could not, in all safety, accept merchants' certified checks on our regular and long-established banks.

Very respectfully,

General E. A. MERRITT,  
*Collector of the Port of New York.*

RENAULD, FRANÇOIS & CO.

NEW YORK, January 9, 1879.

DEAR SIR: In answer to your circular containing copy of bill to amend present laws relating to the collection of duties, we desire to express our approval of sections 1 and 2 in said bill. It is our opinion that if these clauses are carried into effect their operation will very much facilitate the business of the custom-house, and be productive of advantages both to the government and importers.

In regard to sections 3 and 4, we would remark that these clauses have special reference to brokers and their relations to the custom-house; we venture no opinion concerning them, although they impress us favorably in a general way.

Very truly, yours,

ARNOLD, CONSTABLE & CO.

E. A. MERRITT, Esq.,  
*Collector's Office, New York.*

[T. B. Coddington & Co., No. 27 Cliff street.]

NEW YORK, January 9, 1879.

DEAR SIR: We have examined the proposed bill to amend the laws relating to the collection of duties on imports, as contained in the circular received from you, and approve of its provisions, which seem to us judicious and calculated to promote the convenience and security of merchants without prejudice to the government.

Very respectfully, yours,

T. B. CODDINGTON & CO.

Hon. E. A. MERRITT,  
*Collector Port of New York.*

NEW YORK, January 13, 1879.

DEAR SIR: Your circular of 8th instant, to the importers, merchants, and bankers of this city interested in the method of payment of duties, has been before the committee on revenue reform of the chamber of commerce, and has had most careful consideration.

The members of the committee have had frequent interviews with prominent business men on this important subject, and now respectfully submit the result of our consultations, with such suggestions as we feel authorized to make on the proposed change in the law which is so soon to be brought before the present Congress.

We were at first gratified by the apparent readiness of the Treasury Department to meet and further the objects sought for by our merchants in asking such amendments to the existing law as to enable them to pay duties with certified checks. We regret to see the bill proposed to meet the difficulties under which we now labor offers to the business community a plan widely different from the simple and direct method we petitioned for, and will entail much needless trouble to our bankers and importers.

We have no hesitation in stating to you that the payment of duties by a certified check on any of our national banks, signed by the importer, drawn to the order of the collector, should be accepted in settlement of the amount due the government on each importation. Our committee cannot see why the United States customs authorities should decline to adopt this simple method, usual between merchants in the daily transaction of their business where large sums are involved. The government runs no risk of loss. With a penal bond holding every member of the firm, and also two approved sureties on the bond-book at custom-house; with the goods still in the possession of the authorities, value for double the amount to be collected; the check marked "good" by a national bank—where is the risk of any loss on the part of the government? We reiterate there is no risk run, and we can see no reason why an importer's check, so certified, should not be accepted in payment of his duties at this port.

We go further and state that the importers are worthy of greater consideration and

entitled to more confidence than is now dealt out to them by the United States Government authorities. A better feeling between the merchants and the customs officials is desirable, and this can be brought about by more courtesy and greater consideration or the importing merchant.

In the city of New York more especially, where two-thirds of the dutiable goods are entered, and two-thirds of the entire customs revenue is collected, and where the United States assistant treasurer is represented daily at the clearing-house, we think the proposition asking banks to make special deposits for duties exceedingly objectionable. Such a move would entail additional trouble and labor, besides would throw discredit on the national banks, who are co-members with the government in the bank clearing-house, and have invariably been staunch supporters of its credit when the government stood in need of their co-operation.

In making payment of duties by check on the bank where the merchant has his account; we have the most direct and most simple way to settle the claims of the government, saving a vast amount of clerical labor in the office of the collector, as well as the subtreasury; the door would be closed against fraud and peculation, and the merchant would have in his possession a voucher for his payments.

We would, therefore, on behalf of the importers, earnestly solicit the adoption of our suggestions as to this first section of the bill as proposed.

In regard to the second and third sections, as named in your circular, they meet with our entire approval; the appointment of notaries in convenient locations to administer oaths will be a great boon to up-town importers, and the affixing of stamps in payment of dues and fees is a very desirable change in the right direction, and meets the general approval of the mercantile community.

With regard to section 4 of the proposed bill, our committee would state they cannot approve of the licensing our custom-house experts or brokers who now act as employés or agents of the firms they represent in the custom-house. This change has no relation or bearing upon the subject for which we asked legislation. We should very much deprecate the success of an effort to attach to our bill the provisions of this new clause. We strongly protest, in common with the importers generally, against so arbitrary a measure, which would place a large number of men, now doing a legitimate business, under the immediate control or influence of the custom-house.

This section, if enacted, provides for the exercise of the most despotic powers, such as the suspension of the business, inspection of books and papers, fines, and imprisonments, &c. There are in this city alone about six hundred of these custom-house experts or brokers employed by importers to facilitate their business, and in no sense should they become the servants of the government. We regard such a move as one calculated to increase the vexations and difficulties of the merchants, rather than extend to them greater convenience in the transaction of their dealings with the government.

We have not reached these conclusions without extended consultation and mature deliberation, and we hope the Treasury Department will so far yield to our opinion, and to the expressed wishes of our merchants, as to consent to the withdrawal *in toto* of the fourth section and such modification in section 1 as we, the committee, have set forth, to the end that we may be in entire accord in urging upon Congress the passage of the measure.

We remain, very respectfully,

JACKSON S. SHULTZ.  
THOMAS BARBOUR.  
DAN'L C. ROBBINS.

Mon. E. A. MERRITT,  
*Collector of the Port of New York.*

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[Passavant & Co., New York. P. O. box 3996.]

NEW YORK, *January 13, 1879.*

SIR: We have given due consideration to your circular concerning the proposed bill in regard to the collection of duties.

The proposition in section 1 appears to us not practicable. Very few banks will be willing to make the required deposit at the subtreasury for the accommodation of the importers. In fact, it will be almost impossible for them to know to what extent such deposits will be required, as the requirements change from day to day.

The difficulty would be overcome by allowing the importers to make such deposits of coin at the subtreasury. The objection to this plan would be the great amount of clerical labor required to keep the accounts.

The simplest plan suggesting itself is, that the importers would be allowed to pay duties in certified checks in any of the banks of the clearing-house association. These could be collected every day, through the subtreasury, without the least risk on the

part of the government, and it would be for the importers as safe a *modus* as would be devised.

Section 2 has our unqualified approval. To the remaining sections we do not attach any importance.

Very respectfully,

PASSAVANT & CO.

Hon. E. A. MERRITT,  
*Collector of the Port.*

NEW YORK, January 16, 1879.

DEAR SIR: We have received your circular proposing "A bill to amend the laws relating to the collection of duties on imports," and believe the sections proposed are exactly what we need for mutual facility and protection of government and importers.

We only beg respectfully to suggest for section 1, such draft upon the assistant treasurer should state, first, the firm for whose amount such draft is made, and secondly, the name of vessel or vessels in the entry such duty is paid for. This not only would be a protection for the government against altering or charging current amounts extended on entry, but also would be a protection for the importer that current amounts conforming with entry are paid.

Yours, very respectfully,

SIMON BACHE & CO.

E. A. MERRITT, Esq.,  
*Collector of the Port of New York.*

NEW YORK, January 16, 1879.

DEAR SIR: We acknowledge receipt of your circular in regard to certain changes in the revenue laws.

Our opinion is that the proposed amendments will facilitate the service to the interest of the merchants and the government.

Very respectfully,

E. OELBERMAN & CO.

E. A. MERRITT, Esq.,  
*Collector of the Port of New York.*

NEW YORK, January 16, 1878.

DEAR SIR: In reply to your circular, we would suggest:

1st. That certified checks should be received in payment of duties.

2d. That the bank give bonds that their certification is good, thus avoiding any loss to the government.

3d. A notary fee of ten cents would be sufficient.

We approve of all the other propositions, and hope a law with the above modification will be passed.

Yours, truly,

B. L. SOLOMON & SONS.

E. A. MERRITT, Esq., *Collector.*

JANUARY 16, 1879.

DEAR SIR: In reply to your circular about "A bill to amend the laws relating to the collection of duties on imports," we would say that the provisions of said bill meet our approval.

Respectfully, yours,

Hon. E. A. MERRITT,  
*Collector of the Port of New York.*

SGOBEL & DAY.

OFFICE OF SPECIAL AGENT TREASURY DEPARTMENT,

New York, December 17, 1878.

SIR: In compliance with your verbal instructions to give my views on the necessity for requiring from custom-house brokers a special license before permitting them to transact any business pertaining to their calling at any custom-house, I have the honor to state that, in my opinion, the causes which render the services of these per-



sons almost absolutely necessary to certain importers makes it imperative on the government to protect such importers and itself, so far as it can, by excluding from this class of business men all who from their character and surroundings would be most liable to be led into any scheme for the purpose of defrauding the revenue.

As the greater portion of a custom-house broker's time is spent in and around the custom-house during business hours, he becomes intimate with the employés, and can without difficulty select the proper person to approach with an unlawful proposition were they so inclined, while a merchant, who can spend but little time there, would be comparatively ignorant of the most important fact to one who desired to engage in a dishonest transaction.

The government must protect itself against three classes of persons: the importer who seeks to obtain an unjust advantage over his competitors in business, an employé who desires to enrich himself by diverting the power temporarily intrusted to him by the government, and a broker who is ambitious to extend his business by adding to his "facilities" for procuring the entry of merchandise for his customers on the most favorable terms; and were men of character and business standing only permitted to transact business, great advantage would in my opinion result to all concerned.

It is a well-known fact that merchants, as a rule, do not have personal knowledge of many of the details of their business with the custom-house, and consequently the broker has a great advantage over him, which may be used to his detriment. I have now in court the case of a broker who received the full amount of duties from the merchant, but paid only a portion to the government. The government has obtained a judgment for the sum it was defrauded of, but the execution has been returned unsatisfied. A similar case is now under investigation, and in my experience the greater proportion of frauds on the revenue by means of false invoices have been manipulated through the agency of custom-house brokers.

If the department can fix a proper standard for the granting of such licenses, I am of the opinion that the passage of the bill suggested in this connection cannot fail to operate to the advantage of the government as well as importers.

Very respectfully,

H. M. CURTIS,  
*Special Agent.*

Hon. JOHN SHERMAN,  
*Secretary of the Treasury.*

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